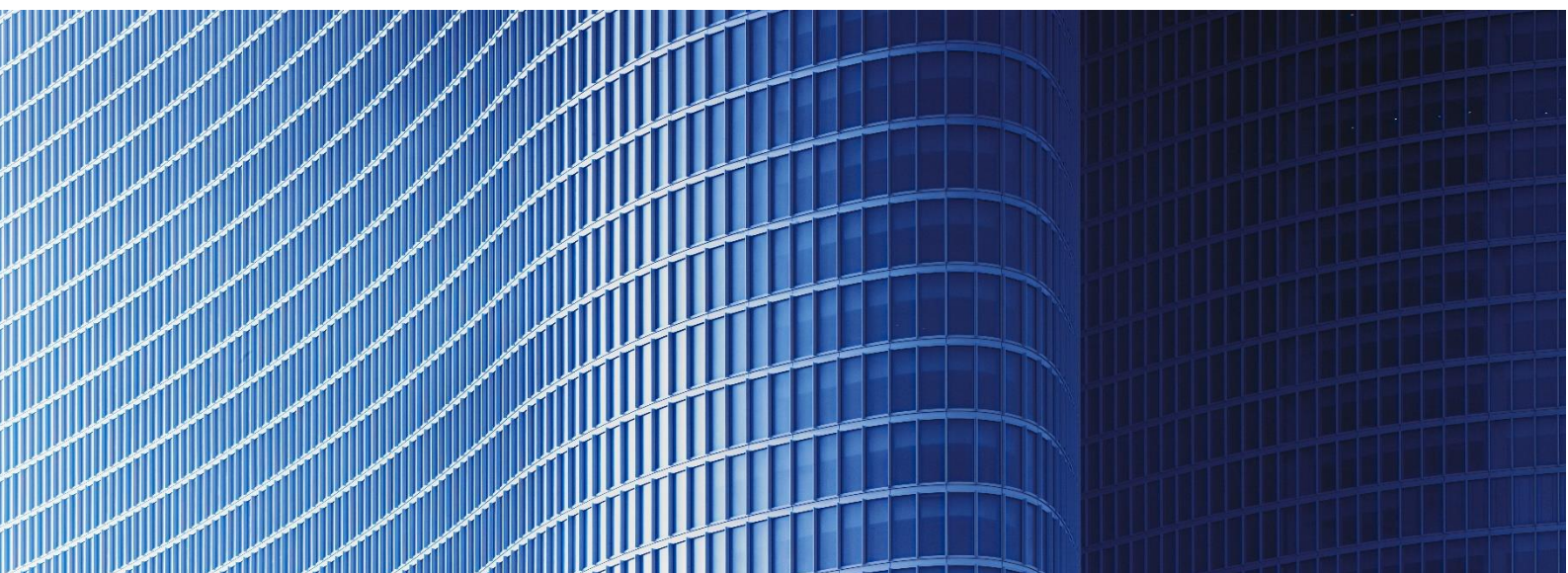




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TECHNICAL SUMMARY – DRAFT COMMUNIQUÉ ON THE IMPLEMENTATION OF DOMESTIC AND GLOBAL MINIMUM TOP-UP TAX BEGINNING FROM FY24

The Turkish Revenue Administration has published on its official website (www.gib.gov.tr) the long-awaited Draft Communiqué on the Implementation of the Domestic and Global Minimum Top-up Tax, introducing detailed administrative guidance on the practical application of the new minimum tax regime for multinational enterprise (MNE) groups operating in Türkiye.

1. Legislative Background

The Domestic and Global Minimum Top-up Tax, introduced into the Corporate Income Tax Law (Law No. 5520) through Law No. 7524, entered into force on 2 August 2024. This Draft Communiqué provides interpretative and procedural guidance on the new provisions, aligning Türkiye's domestic tax framework with the OECD/G20 Inclusive Framework on BEPS Pillar Two – Global Anti-Base Erosion (GloBE) Rules.

2. Importance of the Regulation

The introduction of the Turkish Pillar Two legislation represents a major milestone in aligning Türkiye's corporate tax regime with the global minimum tax standard of 15%. This measure aims to prevent profit shifting to low-tax jurisdictions, ensure a fair level of taxation, and promote balanced international tax competition. Beyond its technical implications, the legislation will directly affect group structures, consolidated financial reporting, and tax planning strategies of multinational groups.

3. Key Compliance Timeline

For MNEs within scope, **the first top-up tax return for fiscal year 2024 must be filed by the end of December 2025**. This deadline highlights the need to move beyond theoretical review and begin internal readiness planning—covering data collection, financial system alignment, and reporting procedures—to ensure full compliance and mitigate risks.

4. Structure of the Draft Communiqué

The Draft Communiqué mirrors the OECD's Model Rules (2021) and the subsequent Administrative Guidance (2023 and 2025) almost verbatim. Each definition, formula, and example is designed to ensure technical equivalence with GloBE standards. Tax managers are advised to study the provisions carefully to ensure correct interpretation and accurate computations.

5. Core Definitions

The Draft Communiqué defines key terms in full consistency with the GloBE framework:

- Minimum corporate tax rate: 15%
- Low-tax jurisdiction / Low-taxed constituent entity: jurisdictional Effective Tax Rate (ETR) below 15%
- GloBE Income: Net jurisdictional income adjusted by deducting 5% of payroll costs and 5% of the carrying value of tangible assets.
- Adjusted Covered Taxes: Current tax expense per financial accounts, adjusted per GloBE rules.
- Consolidated Financial Statements: must be prepared under IFRS, TFRS, or an equivalent authorized accounting framework.

6. Scope and Thresholds

The Turkish rules apply to large MNE groups whose consolidated revenue equals or exceeds EUR 750 million (converted to TRY) in at least two of the four preceding fiscal years. Revenue includes both ordinary business income and incidental gains such as investment income and one-off transactions.

7. Excluded and Exempt Entities

The following are excluded from the scope of top-up tax computation, though their revenue is counted for threshold purposes: governmental entities, international organizations, non-profit organizations, pension funds, investment funds qualifying as UPEs, and real estate investment vehicles qualifying as UPEs. Excluded entities are not subject to IIR or UTPR and are not required to file GloBE Information Returns.

8. Computation of the Top-up Tax

The computational framework mirrors the OECD Model Rules:

1. Determine jurisdictional GloBE income.
2. Determine adjusted covered taxes.
3. Calculate jurisdictional ETR = Adjusted Covered Taxes / GloBE Income.
4. If ETR < 15%, compute top-up tax for the shortfall.

9. Key Mechanisms:

- **Income Inclusion Rule (IIR):** requires the UPE to pay top-up tax on low-taxed constituent entities.
- **Undertaxed Profits Rule (UTPR):** allocates any residual top-up tax to other group jurisdictions if IIR is not applied.

10. Safe Harbour Regimes

Four categories of Safe Harbour measures are included:

1. CbCR Safe Harbour (Transitional)
2. UTPR Safe Harbour (Transitional)
3. Simplified Calculation Safe Harbour (Permanent)
4. Qualified Domestic Minimum Top-up Tax (QDMTT) Safe Harbour (Permanent)

11. Filing and Administrative Obligations

The Draft introduces the GloBE Information Return (GIR) and the Global Top-up Tax Return, consistent with OECD standardized formats. The return will be filed by a designated constituent entity on behalf of the group, with data exchange mechanisms aligned with international information-sharing standards.

12. Conclusions and Recommendations

Taking into new legislation, Tax management of the MNEs should prioritize the following actions:

- Review and align group structures and consolidated financial data with GloBE computational rules.
- Assess applicability of exclusions and safe harbours.
- Evaluate IIR and UTPR impacts.
- Design and implement data collection, calculation, and reporting workflows ahead of the December 2025 QDMTT filing deadline.

13. Consultation Process

The Revenue Administration continues to refine the Draft Communiqué. Stakeholders may submit comments and suggestions for revision or improvement **by 27 October 2025 (Monday) to uluslararasıkv@gelirler.gov.tr**.

**DENGE İSTANBUL YEMİNLİ
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